



GAIL FARBER, Director

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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November 17, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

33 November 17, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM WATER RATE ADJUSTMENT (SUPERVISORIAL DISTRICTS 3, 4, AND 5) (3 VOTES)

SUBJECT

This action is to adopt a resolution adjusting the water rates for calendar year 2016 to pass-through cost increases due to inflation and the cost increases of purchasing wholesale water for the Los Angeles County Waterworks Districts and the Marina del Rey Water System, and authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System to implement the increase 30 days after adjustment notices are sent to customers.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM:

1. Adopt the resolution to adjust the water rates to pass-through inflation as measured by the Consumer Price Index and wholesale water cost increases from the wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System for calendar year 2016.
2. Authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System and to implement the water rate changes effective 30 days after adjustment notices are sent to customers.

3. Find that the purpose of the adjustment to the water rates shown in the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System are to meet the operating expenses necessary to maintain service within existing service areas and, therefore, are statutorily exempt from the California Environmental Quality Act.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to adjust water rates to offset inflation and wholesale water cost increases adopted by wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System. Wholesale water agencies have cited several reasons in implementing the water cost increases such as projected water supply availability, anticipated operating costs, and debt service requirements. This proposed pass-through rate increase is consistent with the requirements of Assembly Bill 3030, which was approved in September 2008. The bill allows water utilities to pass-through increases due to inflation and wholesale water rates. It also requires water utilities to conduct Proposition 218 notices and public hearings at least once every 5 years.

Currently, the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System allow the Waterworks Districts to annually review water rates and make a recommendation to the Board for water rate adjustments.

The Consumer Price Index for the areas of Los Angeles, Riverside, and Orange Counties for the period of August 2014 to August 2015 increased by 1.1 percent.

Public Works' Chief Financial Officer and the Auditor-Controller reviewed the Waterworks Districts' rates and determined the needed pass-through adjustments are as follows: 2.5 percent in Waterworks District No. 21, Kagel Canyon; 2.9 percent in Waterworks District No. 29, Malibu; 2.8 percent in Waterworks District No. 36, Val Verde; 3.9 percent in Waterworks District No. 37, Acton; 4.8 percent in Waterworks District No. 40, Antelope Valley; and 4.6 percent in Marina del Rey for calendar year 2016.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness/Fiscal Sustainability (Goal 1) by providing sufficient funds to offset increases in wholesale water charges and inflation to maintain reliable delivery of water service to County residents within the Waterworks Districts.

FISCAL IMPACT/FINANCING

There will be no impact on the County General Fund.

This action will generate the required annual revenue to pay for the increased cost of wholesale water and inflation over the next calendar year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized to increase the water rates, surcharges, and water supply charges pursuant to Section 55501 of the County Waterworks District Law, Water Code Sections 65000, et. seq. Adoption of the enclosed resolution will allow revisions to the Waterworks Districts' Rules and

Regulations, adopted pursuant to Section 55333 of the Waterworks Districts' Law.

Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..." A notice of any adjustment is also required pursuant to Subdivision (a) of Section 53755 of the Government Code within 30 days before the effective date of the adjustment.

Consistent with the requirements of Sections 53756 and 66016 of the Government Code, the Board held a public hearing on the matter of annual rate adjustments on November 25, 2014, and consistent with California Constitution Article 13, Section 6 and Sections 66018 and 6062a of the Government Code, a Notice of the Public Hearing was mailed to all affected customers and property owners more than 45 days in advance of the date of the public hearing. Seventy-one written protests were received prior to the public hearing. Also in compliance with these Government Code Sections, a notice of the time and place of the hearing was published two times in a newspaper of general circulation within a 10-day period with at least 5 intervening days. After the public hearing, the Board approved the required resolution, subject to annual rate increase approval by the Board.

This action complies with the requirements of the California Constitution, Article XIII D (Proposition 218), and does not impose a tax within the meaning of Article XIII C, Section 1(e), of the California Constitution (Proposition 26), approved by the voters on November 2, 2010.

County Counsel has reviewed and approved the resolution as to form.

ENVIRONMENTAL DOCUMENTATION

These actions and the resolution, amending the Rules and Regulations, are to fund operating expenses and, therefore, are exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State of California Environmental Quality Act Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects as a result of this action.

CONCLUSION

Please return one adopted copy of this letter and one signed original of the resolution to the Department of Public Works, Waterworks Division.

The Honorable Board of Supervisors

11/17/2015

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Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER

Director

GF:AA:dvt

Enclosures

c: Auditor-Controller
Chief Executive Office (Rochelle Goff)
County Counsel
Executive Office

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE
DIRECTOR OF PUBLIC WORKS OR HER DESIGNEE TO
ADJUST THE WATER RATES FOR THE LOS ANGELES COUNTY
WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM**

WHEREAS, the Los Angeles County Waterworks Districts and the Marina del Rey Water System; (hereinafter referred to as WATERWORKS DISTRICTS) provide potable water service to customers located within the Cities of Malibu, Lancaster, and Palmdale and within the unincorporated communities of Kagel Canyon, Marina del Rey, Topanga Canyon, Castaic, Acton, Pearblossom, Littlerock, Rock Creek, and Lake Los Angeles; and

WHEREAS, the County of Los Angeles Board of Supervisors as the governing body of the WATERWORKS DISTRICTS pursuant to Section 55501 of the Waterworks Districts' Law, Water Code, is authorized to increase the water rates, surcharges, and water supply charges as adopted in the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System pursuant to Section 55333; and

WHEREAS, the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System require the District Engineer to annually review the water rate schedules and make recommendations to the Board of Supervisors for water rate adjustments; and

WHEREAS, the WATERWORKS DISTRICTS purchase wholesale water from water wholesalers as needed; and

WHEREAS, Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..."; and

WHEREAS, on November 25, 2014, after a public hearing, the County of Los Angeles Board of Supervisors adopted a resolution pursuant to Section 53756 of the California Government Code to adjust the water rates to pass through the cost increases due to inflation and/or the cost of purchasing water from wholesale water agencies for the WATERWORKS DISTRICTS, subject to review and approval by the County of Los Angeles Board of Supervisors; and

WHEREAS, the WATERWORKS DISTRICTS' retail price of water is partially dependent, in part, upon the WATERWORKS DISTRICTS' cost of the purchase of wholesale water; and

WHEREAS, the WATERWORKS DISTRICTS' expenditures are affected by inflation in the form of increases to labor, power, materials, equipment, service, and leasing contract costs; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Los Angeles, as the governing body of the WATERWORKS DISTRICTS, does hereby authorize the Director of Public Works or her designee to adjust the water rates to become effective 30 days after adjustment notices are sent to customers.

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The foregoing Resolution was on the 17th day of November, 2015, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks Districts and the Marina del Rey Water System.



PATRICK OGAWA
Acting Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By Carla Little
Deputy

APPROVED AS TO FORM:

MARY WICKHAM
Interim County Counsel

By Mitchell R. Moore
Deputy